

**MINUTES OF SPECIAL MEETING  
SERIES 2007 A SINGLE FAMILY MORTGAGE BONDS  
January 16, 2007, 1:00 P.M.**

Notice having been given, the Montana Board of Housing held a special meeting on the issuance of its Single Family Program Bond Series 2007 A. The meeting took place on January 16, 2007 via teleconference to discuss the market, pricing of the bonds, and potential sale. Present were:

Board members: Bob Thomas, Judy Glendenning, Susan Moyer, J P Crowley, Betsy Scanlin, and Audrey Black Eagle

MBOH Staff: Bruce Brensdal, Nancy Leifer, Chuck Nemec, Mat Rude, and Diana Hall

Legal Counsel: Pat Melby

UBS Financial: Peter Nolden, Drew Gurley

Bond Counsel: John Wagner

Trustee: Sandra Shupe

Peter Nolden said the Board and staff should have received the Preliminary Official Statements last week. The bond ratings were confirmed as AA1 and AA+. The retail order period for Montana residents was started this morning.

Peter introduced Drew Gurley from New York underwriting desk, who summarized the retail order period and gave the proposed pricing on the bonds for tomorrow morning. Drew said the market is better today. The ten year treasury is yielding 4.75; the 30-year treasury is 4.84. A sell off at the end of last week had the 10-year at 4.60% to 4.78%. Oil is down today to 51.25 and is partially the reason for the market being better as some people thought the sell off on Thursday and Friday were a little bit too much. This week the numbers include the producer prices and they are looking for it to be up .5 with ex food and energy up .1, and the consumer price index is on Thursday. The market has backed off and economists are looking for the Feds to be on hold going forward. The economists originally thought the Feds might start to lower rates in March and continue to do so. Now they feel that in March they will remain steady going forward into the summer and then start to lower rates. Drew gave an update on the retail order period this morning and overall things went well. Then he gave the Board the pricing scale.

Peter said the overall deal is essentially 5¾% mortgage rate on 80% of the loans and 5¼% on 20% which is used for the setasides. Given the improvement over what was anticipated on the long non-AMT's, it is going to create approximately \$1 million 0% obligation. That million is in addition to the \$1.6 million that MBOH currently has today. The levels for the rates are exceeding the maximum yield and you will need to lend approximately \$1 million at 0% or blend it with a future deal. Peter said this scale is the best shot at things right now. Drew wants to see the market open up in the morning and see what the Producer Price Index numbers look and how the market reacts. They will contact Bruce early in the morning. Drew will run an order period for about 1.5 hours and reconvene at 11 AM EST.

Consensus was given to proceed. The meeting adjourned at 1.32 p.m.

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Bob Thomas, Chairman

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Date

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Bruce Brensdal

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Date